

## Message Text

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ORIGIN EB-08

INFO OCT-01 ISO-00 AF-10 ARA-14 EA-12 EUR-12 NEA-10  
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-01  
H-02 INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05  
PA-02 CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00  
USIA-15 SP-02 SOE-02 OMB-01 DOE-15 /163 R

DRAFTED BY EB/OT/STA:C H BLUM:CMS  
APPROVED BY EB/OT/STA:J S SPIRO  
TREASURY:M GADBAW  
CUSTOMS:I BARRACK (SUBS)  
L/EB:S BENSON (INFO)  
EA/J:D BROWN (INFO)  
EUR/RPE:E CASEY (INFO)

-----030878 292340Z /21

P 292245Z MAR 78  
FM SECSTATE WASHDC  
TO ALSTEEL COLLECTIVE PRIORITY

UNCLAS STATE 081010

USEEC ALSO FOR EMBASSY, USOECD ALSO FOR EMBASSY

E.O. 11652:N/A

TAGS: ETRD, US

SUBJECT: TRIGGER PRICE MECHANISM--REVIEW OF COVERAGE OF WIRE  
ROD AND WIRE AND WIRE PRODUCTS

REFS: A) STATE 77387 (NOTAL), B) STATE 77507 (NOTAL),  
C) STATE 75639 (NOTAL), D) STATE 60410, E) STATE A-1083

1. AS PART OF REVIEW ANNOUNCED MARCH 7 OF APPLICATION OF  
TRIGGER PRICE MECHANISM TO WIRE ROD AND WIRE AND WIRE  
PRODUCTS (REF E), TREASURY DEPARTMENT HELD DAY-LONG  
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HEARINGS MARCH 28 TO OBTAIN VIEWS OF ABOUT 25 WIRE ROD  
PRODUCERS, WIRE FABRICATORS AND IMPORTERS. HEARINGS TOOK  
ON ADDED SIGNIFICANCE MARCH 24 WHEN U.S. DISTRICT COURT  
ORDERED TREASURY TO PROVIDE BY APRIL 3 ANALYSIS OF EFFECTS  
OF INCLUDING WIRE ROD IN THE TPM WITHOUT INCLUDING WIRE  
AND WIRE PRODUCTS AS WELL. UNTIL COURT REVIEWS THIS  
ANALYSIS, TREASURY IS TEMPORARILY ENJOINED FROM ENFORCING

THE TPM AS IT PERTAINS TO WIRE ROD IMPORTS. AN SSSI WILL CONTINUE TO BE REQUIRED FOR SHIPMENTS OF WIRE ROD, AND CUSTOMS MONITORING WILL CONTINUE. HOWEVER, NO ANTIDUMPING CASES ON ROD WILL BE SELF-INITIATED BY TREASURY DURING PERIOD OF THE INJUNCTION.

2. DOMESTIC WIRE PRODUCERS ARGUE THAT TPM AS PRESENTLY APPLIED DISCRIMINATES AGAINST THEM AND IN FAVOR OF FOREIGN WIRE PRODUCERS. FOR YEARS, U.S. WIRE PRODUCERS HAVE PURCHASED A PERCENTAGE OF THEIR RAW MATERIAL--WIRE ROD--FROM ABROAD BOTH TO REDUCE COSTS AND TO GUARANTEE AN ADEQUATE SUPPLY, SINCE THEY ASSERT U.S. WIRE ROD CAPACITY IS INSUFFICIENT TO MEET DEMAND. IF TREASURY APPLIED THE TPM TO WIRE ROD WITHOUT DOING SO TO ALL OR NEARLY ALL WIRE PRODUCTS (AS OF NOW, NO TRIGGER PRICES HAVE BEEN ANNOUNCED FOR ANY WIRE PRODUCT), THE WIRE PRODUCERS FEEL THEY WILL LOSE THEIR MARKETS TO INTEGRATED PRODUCERS IN THE U.S. AND ABROAD. IT WAS THIS SITUATION THAT PROMPTED ONE LARGE WIRE PRODUCER--THE DAVIS WALKER CORPORATION--TO FILE A COMPLAINT IN THE DISTRICT COURT CHARGING, AMONG OTHER THINGS, THAT TREASURY HAD ACTED "ARBITRARILY AND CAPRICIOUSLY" IN ESTABLISHING THE TRIGGER PRICE FOR ROD.

3. AT THE MARCH 28 HEARING, SOME WIRE FABRICATORS RECOMMENDED THAT TREASURY SIMPLY EXCLUDE WIRE ROD FROM THE TPM. THEY ALLEGED U.S. ROD INDUSTRY LACKS ADEQUATE UNCLASSIFIED

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CAPACITY, CITING OVERBOOKING OF ORDERS, DELIVERY DELAYS AND CANCELLATIONS IN RECENT MONTHS. THEY ALSO POINTED TO SHARP INCREASE (UP TO 25 PERCENT IN SOME AREAS) IN PRICE OF IMPORTED ROD SINCE TPM WAS ANNOUNCED AND ASSERTED DOMESTIC ROD INDUSTRY IS NOT BEING INJURED BY IMPORTS.

4. OTHER FABRICATORS, INCLUDING DAVIS WALKER, ARGUED THAT THERE SHOULD BE NO TRIGGER PRICE FOR WIRE ROD UNLESS THE TPM WERE ALSO APPLIED TO WIRE AND WIRE PRODUCTS. SOME FELT THAT COVERAGE COULD BE LIMITED TO THOSE WIRE AND WIRE PRODUCTS CONSIDERED IN U.S. TO BE STEEL MILL PRODUCTS (WITHIN AISI CATEGORIES 1-32); OTHERS FELT THAT ADDITIONAL WIRE PRODUCTS--SUCH AS WIRE ROPE AND STRAND--SHOULD BE COVERED. INDEPENDENT (NON-INTEGRATED) FABRICATORS AGREED, HOWEVER, THAT WIRE ROD TRIGGER PRICE WAS "TOO HIGH" AND SHOULD BE REDUCED.

5. REPRESENTATIVES OF AMERICAN IRON AND STEEL INSTITUTE AND U.S. STEEL CORPORATION ALSO ARGUED THAT TPM SHOULD BE APPLIED TO BOTH ROD AND WIRE AND WIRE PRODUCTS. THEY CLAIMED THAT U.S. ROD INDUSTRY WAS BEING INJURED BY DUMPED IMPORTS AND POINTED TO RECENT AND PLANNED

INVESTMENT TO DEMONSTRATE ADEQUACY OF U.S. CAPACITY. IN THEIR VIEW, HOWEVER, THE TRIGGER PRICE FOR WIRE ROD WAS, IF ANYTHING, TOO LOW. THEY SUGGESTED THAT TREASURY ERRED IN CALCULATING ROD TRIGGER PRICE BY ASSUMING A HIGH (85 PERCENT) JAPANESE CAPACITY UTILIZATION RATE WITHOUT ADJUSTING UPWARD CURRENT LOW SCRAP PRICES THAT REFLECT DEPRESSED CAPACITY UTILIZATION IN JAPAN. SPOKESMAN FOR

GEORGETOWN STEEL CORPORATION, WHICH HAS PENDING REGULAR ANTIDUMPING COMPLAINTS AGAINST BRITISH AND FRENCH ROD PRODUCERS (TENTATIVE DETERMINATION IN FRENCH CASE DUE BY APRIL 19), WARNED THAT IF TP ON ROD IS "SUSPENDED, MANIPULATED OR REDUCED," THE TPM WOULD NOT MERIT "CONFIDENCE OF INDUSTRY." COOPER  
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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
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**Disposition Approved on Date:**  
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